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INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
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C O N F I D E N T I A L SECTION 01 OF 02 JEDDAH 000291

SIPDIS

DEPARTMENT FOR NEA/ARP (HARRIS), DRL

E.O. 12958: DECL: 08/05/2014
TAGS: [ECON](#) [KWMN](#) [PHUM](#) [SA](#) [SOCI](#)
SUBJECT: FIRST JEDDAH COMMERCIAL FORUM: SAUDI WOMEN FOCUS
ON DOMESTIC REGULATORY CHALLENGES

REF: A. JEDDAH 50
[1](#)B. JEDDAH 277

Classified By: Consul General Martin R. Quinn for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary. The Jeddah Chamber of Commerce and Industry (JCCI), held the first Jeddah Commercial Forum (JCF) from June 16-18, under the theme &Toward a Successful Global Economic and Commercial Environment.8 An audience of over 1,000, including present and former Ministers, top government officials, businessmen and -women, attended the opening ceremony in the first major business forum in Saudi Arabia presided over by a Saudi woman, JCCI board member Nashwa Taher. In her opening remarks Taher said the objective of the JCF was to introduce the most pressing challenges facing the Saudi business community today and to identify and debate actions needed to update the current system of commercial regulations. While this objective was achieved, only time will tell whether the public airing of grievances will result in official action. End summary.

[1](#)2. (SBU) The Governor of Makkah, Prince Khaled Al-Faisal, Commerce Minister Abdullah Zainel Alireza, and JCCI Chairman Mohammed Al-Fadl, all spoke at the JCF opening, each praising Taher -- a gesture which in itself was noteworthy. The Governor went even further, paying tribute to the important contribution of the women of the JCCI to the work of the Chamber and the organization of the Forum.

[1](#)3. (SBU) The forum,s program was pedestrian and the caliber of most of the speakers second-tier. Many panelists merely recited their organizations, mission statements posted on their websites. There were no real players or decision-makers, a marked difference from the annual Jeddah Economic Forum. (Comment: Some in the business community viewed the JCF as a smaller version of Jeddah Economic Forum (JEF) - which was cancelled this year in a political power play (reftels). Others speculated that it was intended to replace the JEF. Nashwa Taher, however, consistently characterized the JCF, with its completely domestic agenda, as distinct from the outwardly focused, glitzy JEF and in the end there was no confusing the two fora.)

[1](#)4. (SBU) In the first session, dedicated to project finance in the wake of the Global Financial Crisis, Dr. Nahed Taher (no relation to Nashwa Taher), CEO of Gulf One Bank and the first Saudi woman to head a bank in Saudi Arabia, gave the strongest presentation of the three-day event. Speaking about the causes of the economic downturn, she criticized the fading role of local banks in financing small projects, claiming that their decline had contributed to the increase in poverty in the country. She encouraged more investment in the energy and infrastructure sectors in the Kingdom and the region, and discouraged investment in the US and Europe.

Taher also argued vigorously for a return to the gold standard.

Bad checks a major problem

15. (C) The second panel discussed securities regulation which, translated into local parlance, meant the growing phenomenon of bad checks being issued by businesses as payment to other businesses. From the pointed failure of the panelists to agree on the scope of the problem to the heated Q&A, it was clear that bad checks have become a major scourge of the business environment in Saudi Arabia. A representative from the Ministry of Commerce estimated the number of unsettled cases of bounced checks at between 7,000 and 11,000 per year over the past two years. However, businessman panelist Ali Hussein Ali Reda stated that there are more than 55,000 cases in Riyadh and Jeddah alone, pointedly refuting the official line. His statement created a stir during the Q&A when members of the business community complained about the difficulty in resolving disputes and obtaining redress and repeatedly called for an immediate change in regulations to effect harsher penalties for violators. Panelist Khlood Al-Dakheel, the Deputy CEO of Al-Dakheel Financial Group, called for unifying the procedures regulating financial paper noting that there are currently three organizations with overlapping regulatory authority, the Ministries of Commerce and Finance and the Saudi Arabia Monetary Authority (SAMA).

Ministry of Commerce attacked as roadblock

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16. (C) The other controversial debate at the Forum occurred during the third panel, entitled "Government Procedures and their Repercussions on the Saudi Investment Climate." Following the opening speech by prominent local lawyer, Majid Gharoub, a representative from the Ministry of Commerce, Hassan Aqeel, praised the supportive bureaucratic procedures for business, noting that all business licenses are issued within 24 hours. This claim was met with vocal consternation by numerous audience members who told personal stories during the Q&A of long delays in obtaining business licenses. This recitation ultimately led to the admission by Aqeel that while most licenses are issued within 24 hours in Riyadh, the fact that applications from other cities must be sent to Riyadh for approval might cause delays of up to one month. Still, given the claims of three, six, eight and even twelve-month delays, his credibility was shot.

Businesswomen voice their complaints

17. (C) A question from the women's side of the room created a general stir when Mohjat Bin Yaqoub and then a number of other women following her, raised the hot-button issue of the legal requirement to employ a male general manager in any woman-owned business that deals with the public. Several prominent women in the audience repeatedly questioned and debated the panel which tried to deflect the discussion as unrelated to their topic. Hassan Aqeel defended the Ministry saying it had paved the way for women and allowed them to personally manage their businesses, as long as they are run inside a women-only environment.⁸ He added that it is not up to the Ministry of Commerce to address this issue. But he was cornered by the women who noted, correctly, that the Labor Law now permits gender mixing in the workplace, thus eliminating the need for a male employee to address the male public. They demanded that the Ministry of Commerce harmonize its regulations with those of the Ministry of Labor. The men's side of the room stoically sat by while the women enthusiastically applauded each other.

18. (C) The women also stood their ground the next day during the Q&A following a panel on the legal and judicial system.

When Khlood Al-Dakheel asked about the requirement for women to submit photographs to obtain company registrations, a requirement at odds with the cultural prohibition against women showing their faces to unrelated males, the question was dismissed out of hand by panel chair Gharoub as unrelated to the panel topic. This put-down caused an uproar on the women's side of the room while again the men sat in silence. (At one point the simultaneous translator sighed in exasperation, &These women are impossible,⁸ although few other than EconOff were using the closed-circuit service.)

Women may be the JCF's real winners

19. (C) Comment. The forum's recommendations -- including the full-scale re-evaluation of the existing 75 commercial laws to accommodate recent global and local changes -- may never be taken up -- as is often the case following similar programs in the Kingdom. What is clear, however, is that the very public success of the JCF's female president, Nashwa Taher, added one more page to the story of the advancing role of women in the Jeddah business community. Immediately after the forum the JCCI announced that another of its four female board members, Olfat Kabbani, will chair a forum next October dedicated to women and corporate social responsibility. And one of the women who complained that her license for a women-only business was being held up for six months recently reported that she received a call from Ministry of Commerce official Hassan Ageel the following week with the result that she is now fully licensed to set up a real estate franchise program to develop "women-only" realty agencies in the Kingdom. End comment.
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